

SO-FIT REGULATION

ON FRAMEWORK RULES FOR ASSET MANAGEMENT

Article 1

This regulation defines the framework rules which all financial intermediaries working in the field of asset management (independent asset managers) are required to observe in accordance with the laws to which the profession is subject.

CHAPTER I: ASSET MANAGEMENT AGREEMENT

Article 2

The asset management agreement must be concluded in written form.

Article 3

The asset management agreement and its annexes must contain information on the following:

- a. the extent of the powers of the independent asset manager
- b. the investment strategy agreed with the client on the basis of the risk profile, the financial situation and the investment restrictions,
- c. the benchmark currency,
- d. the method and the regularity with which accounts are presented to the client,

- e. the remuneration of the independent asset manager,
- f. any delegation of tasks to third parties.

CHAPTER II: DUTIES OF THE ASSET MANAGER

Article 4

Independent asset managers shall present all guarantees of irreproachable activity and must enjoy a good reputation.

Article 5

Independent asset managers must give immediate written notice to SO-FIT of any administrative or criminal proceedings that are opened against them that are likely to call their guarantees into question.

Article 6

Independent asset managers shall protect the interests of their clients and take suitable organisational measures to prevent conflicts of interest. They shall ensure that the clients are not damaged by such conflicts of interest. If the measures are not sufficient to exclude damage to the clients, asset managers must alert their clients to this possibility.

Article 7

Asset managers' terms of remuneration shall avoid incentives that may conflict with the duty of loyalty. Investments and transactions shall be

carried out in the interests of the clients. Independent asset managers shall refrain in particular from:

- a. carrying out transactions involving client deposits when there is no economic interest for the client (churning);
- b. making use of a knowledge of client orders to execute transactions for their own benefit before, at the same time or immediately afterwards (front, parallel and after running).

Article 8

Independent asset managers shall adapt their organisation procedures according to the number of clients, the volume of assets under their management, the investment strategies agreed with each client and the selected products. Independent asset managers must ensure that the investments made for each managed account are always in line with the investment objectives and restrictions.

Article 9

Independent asset managers must ensure that the investments made for each managed account are always in line with the risk profile and investment restrictions.

Independent asset managers shall periodically review the investment strategies implemented and whether the risk profile remains appropriate to their clients' current situation. If the risk profile is no longer appropriate, the clients must be informed in writing.

Unless licensed by FINMA as a bank or securities firm, independent asset managers must not accept client deposits or manage performance

accounts.

The assets entrusted to the asset manager shall be deposited in the client's name with a bank or securities firm and managed by means of a written power of attorney whose scope is clearly defined.

Article 10

Independent asset managers must establish a risk profile that takes account of the client's experience and knowledge. This shall define the client's risk appetite and risk capacity. All risk profiles must be established.

Article 11

Provided that it is in their clients' interest, independent asset managers may delegate asset management tasks to third parties. Independent asset managers shall select, instruct and supervise delegates with due diligence.

The delegated tasks must be clearly defined in writing. The delegate must have the professional qualifications required to ensure the delegated tasks are carried out in an irreproachable manner. The delegate must comply with rules of conduct similar to those by which independent asset managers are bound. In particular, fund management companies authorised by FINMA must comply with Article 66 of the Ordinance of the Swiss Financial Market Supervisory Authority on Collective Investment Schemes (CISO-FINMA).

Article 12

Independent asset managers shall take all measures necessary to ensure the continuity of their services in the case of incapacity or death.

Article 13

Independent asset managers shall alert their clients to the existence of the rules of conduct defined in this regulation.

Article 14

Independent asset managers shall adequately inform their clients, taking into account the latter's experience and knowledge, about the risks associated with the defined investment objectives, restrictions and strategies. This information may be provided in standardised form.

Article 15

Unless the information is already in the public domain, independent asset managers shall inform their clients of important changes in personnel, organisation or shareholding interests which directly affect the clients.

Independent asset managers must give regular account of their management activities as authorised representatives, including at the request of the clients.

As part of their duty to report, independent asset managers shall comply with the standards used in the industry, in particular with regard to the

calculation method used, the selected time period and, if applicable, the selected reference indices.

CHAPTER III: ASSET MANAGER REMUNERATION

Article 16

The independent asset management agreement shall define who is the beneficiary of any services received from third parties in close connection with the execution of the mandate or on the occasion of its execution.

Independent asset managers shall inform their clients of the calculation parameters and value ranges of the services they receive or may receive from third parties. As far as possible, this is done for each product category.

When requested to do so by a client, independent asset managers shall also report on the extent of the benefits already received from third parties.

Independent asset managers shall make clients aware of the conflicts of interest which may result from receiving services from third parties.

Article 17

Independent asset managers subject to these regulations must draw up management agreements in accordance with the rules set out herein.

No new asset management agreements shall benefit from a transitional period beginning with the entry into effect of these framework rules.

Article 18

With regard to controls and sanctions, the standards laid down by SO-FIT are applicable by analogy, although no breach of these regulations shall result in termination of the affiliation agreement.

In the event of a serious, unjustified and unremedied breach, the maximum sanction is withdrawal of recognition of compliance with the SO-FIT framework rules.

The framework rules set out in these regulations remain in effect until 31 December 2021.

These regulations were approved by the SO-FIT Executive Management on 13 October 2020. The FINMA approval dated 6 December 2013 remain valid during the transitional period provided for in Art. 105 and 106 FinSO.